

521J.11 Captive mergers.

1. A merger between captive stock insurers, or a merger between captive mutual insurers, shall meet the requirements of [chapter 521](#) and [section 521J.5](#), as applicable. The commissioner may, at the commissioner's discretion, provide notice to the public of a proposed merger prior to the commissioner's approval or disapproval of a merger.

2. An industrial insured group formed as a stock insurer or as a mutual insurer may be converted to or merged with a reciprocal insurer under [this section](#).

3. A plan for conversion or merger shall meet all of the following requirements:

a. (1) The plan shall be fair and equitable to the shareholders in the case of a stock insurer, or to the policyholders in the case of a mutual insurer.

(2) The plan shall provide for the purchase of the shares of any nonconsenting shareholder of a stock insurer, or of the policyholder interests of any nonconsenting policyholder of a mutual insurer.

b. A plan for conversion to a reciprocal insurer must be approved by the commissioner. The commissioner shall not approve a plan unless the plan meets all of the following requirements:

(1) The plan provides for a hearing upon notice to the insurer, directors, officers, and stockholders or policyholders who have the right to appear at the hearing, unless the commissioner waives or modifies the requirements for the hearing.

(2) (a) In the case of a stock insurer, the plan provides for the conversion of the existing stockholder interests into subscriber interests in the resulting reciprocal insurer proportionate to the existing stockholder interests, and is approved by a majority of the shareholders who are entitled to vote, and who are represented at a regular or special meeting at which a quorum is present either in person or by proxy.

(b) In the case of a mutual insurer, the plan provides for the conversion of the existing policyholder interests into subscriber interests in the resulting reciprocal insurer proportionate to the existing policyholder interests, and is approved by a majority of the voting interests of the policyholders who are represented at a regular or special meeting at which a quorum is present either in person or by proxy.

(3) The plan meets the applicable requirements of [section 521J.5](#).

c. If the commissioner approves a plan of conversion, the certificate of authority for the converting insurer shall be amended to state that the converting insurer is a reciprocal insurer. The conversion shall be effective and the corporate existence of the converting entity shall cease to exist on the date on which the amended certificate of authority is issued to the attorney-in-fact for the reciprocal insurer. The resulting reciprocal insurer shall file the articles of merger or the articles of conversion with the secretary of state.

[2023 Acts, ch 107, §14](#)

Referred to in [§521J.5](#)